PRICE ONE SHILLING

A SOLUTION

OF THE

CURRENCY QUESTION.

[illegible] not [illegible] blood I'll [illegible]
It [illegible] begone'

LONDON:
LONGMAN, BROWN, GREEN, LONGMANS, AND ROBERTS.

LIVERPOOL: EDWARD HOWELL, CHURCH STREET.

185[illegible].

A SOLUTION

OF

THE CURRENCY QUESTION.

By O. B. G.

"If thou art of noble blood, I'll hear thee;
If not — begone!"

LONDON:
LONGMANS, BROWN, GREEN, LONGMANS, & ROBERTS.
LIVERPOOL: EDWARD HOWELL, CHURCH STREET.
MDCCCLVI.

CONTENTS.

TO THE BANKERS OF GREAT BRITAIN.

Gentlemen,

Your profession and peculiar habits of business eminently qualify you to estimate with correctness the merits of a proposal to remodel our circulating medium, and rebuild our monetary system upon a new foundation.

To you, therefore, I beg very respectfully to dedicate the following sheets, in the full confidence, that the great majority of your very influential body are sufficiently free from the influence of preconceived opinions and narrow interests, to be able to take a clear view, and form a sound judgment of the plan herein proposed.

If you do so, I trust you will come to the conclusion, that its adoption will not only be of great benefit to yourselves, but also to every section

in the community, and greatly assist in raising this empire to a more permanent and yet higher elevation amongst surrounding nations.

I am, Gentlemen,

Your humble Servant,

THE AUTHOR.

LIVERPOOL, 1856.

THE CURRENCY QUESTION.

PRELIMINARY REMARKS.

It is almost universally conceded that our National Currency, as at present in operation, does not meet the requirements of the community at all times; neither do the holders of Bank Notes possess an indefeasible security.

The system is therefore unsatisfactory, and for many years there has existed an urgent demand for its reform, with an increasing conviction of its necessity. But how, and upon what basis, that reform is to be effected has yet to be determined.

The subject is of the utmost importance to a commercial community, for it controls and enters into the every day transactions of the capitalist, the manufacturer, and the merchant. Indeed, there is no class of society in this empire that it does not deeply concern.

It naturally excites astonishment in every mind of ordinary reflection, that the method by which a sound and sufficient currency may be permanently established is a question yet to be solved. The most profound writers on political economy, and many others, have endeavoured to do so, and many of them have given evidence of deep research, and profound thought. Yet, after all, they have left their subject as much confused as they found it.

Many schemes have been proposed, but, as soon as known, have been condemned by universal consent.

The writer of the following pages makes no pretension to be classed with those deeply read and profound thinkers, whose writings upon political economy have challenged and fixed the attention of every government, and influenced, in a greater or less degree, the proceedings of every legislature, during the past

century. But he believes that he can give a very plain and unanswerable solution of the Currency Question.

It may be that the learned writers alluded to, have failed to grasp the subject, from the very simplicity of the effort required. To some extent they remind us of astronomers, whose instruments may enable them to determine the course of a comet, or to measure the altitude of a mountain in the moon, but will not assist them to describe the anatomy of the herb which grows in their path. So it has been with the Currency problem. Its solution has been sought in elaborated theories and abstract speculations, while, in fact, it is close at hand, and will become obvious to every mind capable of forming a judgment, when once directed to it.

All that the writer ventures to request from men of business is, that they will read this short pamphlet, and judge for themselves; and not throw it aside, under the impression that it is another of the "thousand and one" *vain* attempts to make clear a subject on which so many celebrated men have only cast a shade of deeper obscurity.

The plan proposed in the following pages will be found clearly practicable, and sufficiently defined to be fully comprehended. It will not militate against any valid interest; and is calculated to unite, in one bond of mutual advantage, the Banker, the Merchant, the Manufacturer, and the Land Owner, whilst the benefits it may confer upon the public at large are beyond the author's calculation.

DEFECTIVE CHARACTER OF OUR MONETARY SYSTEM, AND ITS INJURIOUS EFFECTS.

THE VAST AND STILL INCREASING TRADE OF GREAT BRITAIN requires an immense circulating medium, in order that its various operations may be carried on with profit and punctuality.

The merchant, the manufacturer, and the banker have long desired that some monetary scheme may be devised, and brought into operation, that would assist them to conduct their affairs with greater and more uniform success; and enable

them, without serious loss, to contend with the occasional abstraction of the precious metals from this country, the calamitous effects of which are too well known, and have been too often felt, to require much description.

As the law at present exists, it may be remarked as a curious and very inconvenient fact, that for every million of bullion abstracted from the coffers of the Bank of England, that establishment is required to withdraw from circulation a proportionate amount of its notes, unless its issues happen to be below their authorised extent. Thus, the operations of the Bank are made seriously to increase the evil, instead of being found useful in lessening it; and are therefore, so far, diametrically opposed to what are generally considered the legitimate functions of such an establishment. The natural and inevitable consequences are—Alarm—Anxiety—Panic!

These produce distrust, general pressure, and limitation of credit when it is most needed—speedily causing the ruin of those houses whose liabilities are largest and most pressing, as compared with their immediately available means. Their destruction involves their creditors; and goods are forced upon the market, and sold for whatever can be obtained, at the precise period when only a few monied speculators can be found to purchase—who, of course, command their own terms. The trading world is convulsed, as by an earthquake, from its centre to its extremities; and when the shock has subsided, many a noble establishment, whose principals were heretofore men of wealth, and the healthful effects of whose energy and enterprise had been felt in every region of the earth, has ceased to exist; while the foundations of many others are so shaken, that, after tottering for a few years, they also fall.

At the commencement of a panic, we generally observe that the Government and the Bank appear to look on with philosophic indifference, then presently become uneasy, and, as the mischief proceeds, alarmed. Subsequently, they feel compelled to suspend the working of their legalised theories, and, by coming forward to the rescue with their credit and resources, at length check the progress of the calamity.

As soon as tranquillity is restored, the community complain

bitterly of the losses they have sustained from a restricted circulation. These complaints are met by grave charges of reckless speculation and overtrading. The imperative necessity for a sound and healthful currency is insisted upon, with sad laments that it should be necessary to issue bank notes at all. One party contend for an unlimited issue of notes, upon any or almost no security,—that of railways being one of the best we hear of; whilst we are told, on the other hand, that certain ruin must eventually overtake the country which relies upon anything short of a metallic currency. Whilst the doctors thus differ, the patient continues to languish.

There have been hosts of writers upon the subjects of money, currency, &c., some of whom have given evidence of deep research, philosophic minds, extensive information, and great ability in supporting their peculiar views. It is not intended upon the present occasion to enter upon a review of these voluminous essayists, but rather to carefully avoid all reference to them. One general observation may suffice, viz., It must be obvious to all who have reflected on the matter, that the REALLY TRUE AND SOUND PRINCIPLES upon which the circulating medium of this great mercantile country should be founded, have not hitherto been discovered—or, at all events, have not yet been acted upon; otherwise we should never hear of "panics," arising from the export of gold, or an insufficient circulation; but we should find that the monetary medium would naturally expand, or contract, in proportion to the legitimate requirements of commercial affairs.

THE PURPOSE THE WRITER HAS IN VIEW, is to place before his readers a plan, by which he believes the respective advantages of a metallic and a paper currency may be unitedly and absolutely secured, and the objections attendant upon each obviated and avoided. If he can succeed in impressing upon others the same conviction of its perfect adaptation to the requirements of our commercial community that is settled in his own mind, he feels that he will not have written in vain. This consideration induces him to expose his opinions to the examination of those who are immeasurably more deeply interested in the subject than himself.

A few observations upon what properly deserves the appellation of "MONEY," and what is required to constitute an unexceptionable currency, or circulating medium, will introduce his plan.

MONEY.

"MONEY" is that commodity which, by the general consent and opinion of mankind, constitutes a sufficient, and the most fitting, equivalent to be given in exchange for any and every other description of property, and is therefore used for that purpose by all civilised communities. The commodities thus used are gold, silver, and copper; which are most fitting because the refiner can make them of an uniform standard quality; besides that they contain a large and generally known value within a small compass, and are themselves subject to comparatively slight fluctuations in price. We can hardly think that a particular stamp or impression upon these metals is absolutely necessary to constitute them money, inasmuch as such coinage does not make the slightest alteration in their intrinsic value. Nevertheless, the importance and superior convenience of coined money is very obvious, as it enables us, by an acquaintance with the weight and standard of purity of the coin offered, to ascertain at once its real value. Stamped or coined money is therefore almost universally in use.

PAPER CURRENCY—METALLIC CURRENCY:

THEIR RESPECTIVE ADVANTAGES AND DISADVANTAGES AS APPLICABLE TO GREAT BRITAIN.

The CURRENCY, OR CIRCULATING MEDIUM, OF A COUNTRY *may* consist either of money, or of securities for money, or of both, as in England.

Where the currency of a nation consists entirely of the

precious metals, and authority has secured to that money a standard of purity, there cannot be a question as to the sterling character of payments so made. But when bank notes, or other securities, are substituted, questions immediately arise, both as to the soundness of the security, and the facility with which the holder may obtain bullion for it when required. If any doubt exist upon either of these points, such a circulating medium will, of necessity, be at a discount; and such discount, being the offspring of distrust, will frequently be greater than is otherwise just; and it will always be increased when it is most important that it should be at the lowest point, viz., whenever a scarcity of bullion, civil commotion, or any other cause shall be supposed to threaten the stability of existing institutions. If the government or bank issuing such paper be ruined, the probability must always be, that such securities, based upon credit, as is the case in England, will become almost or quite valueless—the inevitable result being, universal loss and ruin throughout the nation.

These considerations appear to present the most forcible and soundest arguments against a paper currency; although there are several others, possessing weight and plausibility, which are usually urged on this side of the question. Those which have been named, however, appear incontrovertible and conclusive, as to the unstable character of a paper circulation based upon simple credit—or, indeed, upon any security that is not in its nature absolute and permanent.

The presumed stability of British Institutions, and the known wealth and high credit of the Bank of England, are, undoubtedly, calculated to inspire great confidence in the promissory notes of the latter. Nevertheless, they do not provide sufficient security to justify the constituting such notes a national currency. The time may come when the whirlwind of revolution shall have annihilated our constitution, and the credit and wealth of the Bank of England have passed away. The history of the world will show, that the supposition of such a possibility does not deserve to be treated as a dream. And if such a state of things should ever come to pass, of what value will be a £100 Bank of England note? Absolutely nothing!

Bank promissory notes, although payable on demand, may

justly be considered as practically an unlimited credit to the issuers of such a currency, inasmuch as its limit is not fixed, and a tacit understanding exists that they are to remain in circulation, or to be replaced indefinitely; and it is clear that such must and ought to be the case with a paper circulating medium. But, surely, no argument can be required to demonstrate that the security attaching to such a currency should be of a character *at least* as permanent as the independence of the country, and certainly ought not to rest upon the permanence of any of its institutions.

These objections to the issue of bank notes, such as this kingdom has been accustomed to, have induced many to insist upon a metallic currency, and to stigmatise all issues of paper as ultimately injurious.

But *there are weighty objections* to a metallic currency. Let us refer to one or two, which press with irresistible force upon a commercial community like ours. And first, it may be well to notice one that does not seem to be generally felt and understood as it ought to be. It is THE FACT, that *for every ounce of bullion we possess we have been obliged to pay its value in some other commodity*; and thus an immense capital is sunk, in the first instance, in order to procure a circulating medium with which to carry on our future dealings. Thus the nation loses annually all the interest, or advantage, that might have accrued on the lending or use of so much capital, independent of the loss consequent upon its depreciation by wear or other causes. This concomitant of a metallic currency seems to have escaped general consideration, and yet it is sufficiently self-evident to scarcely require an illustration. Let us, however, give one, in a form sufficiently simple to be comprehended by the meanest capacity.

Suppose an individual possessing one hundred acres of land, for which he obtains a rent of two hundred pounds a year; he desires to go into a business which will require a capital of one thousand pounds, but cannot obtain this sum unless he sells or mortgages his estate. Suppose he does the latter. He must pay *interest on the loan*—say fifty pounds annually. Thus, whatever profit he may derive from the business on which he

enters, there will be a drawback every year of fifty pounds. *But*, if the parties with whom he deals will be content to accept, upon the security of the estate in question, his promissory notes to the extent of one thousand pounds, and to circulate them among themselves as so much money, instead of requiring cash, they will be *quite secure* of ultimate payment; and as the use they make of these notes renders them as serviceable as gold, they will not require the payment of any interest. It is evident that, in such a case, the profits of the trader's business will be increased by the fifty pounds a year, more than if he had been compelled to sell or mortgage his property in the usual way! It may also happen that this man's ordinary expenditure amounts to within thirty pounds a year of all the income that, under these favourable circumstances, he derives from both his land and his business; yet, having this excess of income beyond his expenditure, he at length becomes wealthy. But if he is compelled to pay the fifty pounds annually for interest, his expenditure will be twenty pounds a year *beyond* his income, and he will therefore become—at first gradually, and afterwards rapidly—a poor, and then a ruined man. Now the case that would be true of *an individual* is quite as correct if applied to *a nation* of traders; and this shows the profitable character of a paper, as compared with a gold circulation.

But there is another objection to a metallic currency, which, as a commercial nation, we have often experienced, and which is therefore obvious to all, viz.—its incapacity for uniform expansion and contraction in accordance with the requirements of trade. The great cause of this inconvenient irregularity is to be found in the fact, that the wants of other nations may frequently dispose them to seek to increase their stock of the precious metals, at a time when *our* necessities require a larger supply than we possess; and then a difficulty is found in obtaining a sufficient quantity, especially if the balance of trade happens to be against us! Hence those periodical seasons of pressure, distress, and panic, we experience.

These terrible disasters are frequently ascribed to any cause rather than the genuine. Some will attribute them to the great expenditure which has been incurred in the construction of rail-

roads. Absurd! The extensive speculation in railways may probably have sometimes limited the immediate means of many individuals to an injurious extent, by diverting large sums from their usual channels; but it cannot seriously be supposed to have affected the wealth or resources of the community at large, since it did not take one shilling out of the country, except as to the investments in foreign rails, which have not at any one time been severely felt. The money expended in railways has simply passed from A and B to C, D, and E. It still remains in the country, and could in no wise lessen the amount of bullion in the coffers of the bank, which every one knows to be the immediate and true cause of the contraction of its discounts—in other words, of the circulation.

That the large sums expended in the purchase of food from foreign markets, during seasons of scarcity, may have frequently contributed to produce this result is unquestionable; for it acted as a mighty leakage, through which the gold of England drained away. This, however, would not have been severely felt if the issues of Bank paper had not been simultaneously contracted, and thus exposed us at once to *a deficiency of both paper and bullion.* The latter could not be avoided; the former was the result of inability, or apprehended inability, on the part of the Bank, to continue to the public that security for an extended issue which the law required.

Here we see one of the evils attendant upon a mutable security. Upon such occasions, rather than suffer immediate ruin, the public have clamoured for more notes, and were eager to extend a credit to the bank which the decision of their representatives had shortly before denied. And such has sometimes been the exigency of the crisis, that the Government has felt it necessary to accede to the call. Does not the frequent experience of these seasons of monetary famine prove that *the true principles upon which the circulating medium of a commercial country like ours should be conducted remain yet to be acted upon?* Undoubtedly it does. Our gold is at one time in excess, at another it is insufficient, and is always a most expensive and most inconvenient medium for the transactions of business; while, on the other hand, our paper circulation,

instead of lessening the evil, is found to increase it — our laws compelling the Bank to contract its issues whenever gold is deficient, and only permitting its expansion when that metal is plentiful; added to which, it is deficient of the essential element of sound and valid security, which it ought, under all circumstances, to possess. And this element of credit must ever be necessary, to insure the stability and sufficiency of the resources of this or any other nation.

THE CIRCULATING MEDIUM REQUIRED.

Bullion being the only currency common to all nations, it is evident that a great trading community like England will require facilities for having at command any amount of it that may from time to time be required to sustain the credit of its foreign engagements. This may be accomplished if we can find a ready method by which we may occasionally withdraw the metallic currency from our domestic circulation, without derangement of our internal affairs. No plan by which this can be done seems to present itself, except the substitution of a paper currency, to an extent corresponding to the value of the metals abstracted; and as this paper would naturally be withdrawn from us as gold again became plentiful, there would seem to be little objection to such a course, provided the notes issued carried with them an *undoubted sufficiency of security* for their redemption and convertibility.

It appears obviously advantageous to a great commercial country, to be able at any time to command, if necessary, even its whole amount of bullion for foreign purposes, and not to be under the necessity of locking up more than a small part of it in a domestic circulation. The contrivance, therefore, of a national currency that is at once cheap, possesses *bona-fide* security, and will set at liberty for the advantage of commerce that money which is common to all nations, must needs give incalculable advantages, and tend greatly to increase the wealth of the community.

THE BEST SECURITY FOR BANK NOTES.

Let us now consider in a few words THE CHARACTER OF THE SECURITY which may justly be considered available for such a purpose.

Upon this point the verdict of the monied interest has, long since, been unconsciously given.

Every man is considered entitled to borrow as much money as he can give security for; and we find that the permanence of the loan, and the rate of interest payable for it, vary in proportion to the nature of the guarantee.

The LANDOWNER, being enabled to give a stable and tangible security, can at all times borrow for lengthened periods, and at the lowest rate of interest; the HOUSEOWNER, offering a less permanent security, cannot borrow so largely, or on such advantageous terms; whilst the MERCHANT and TRADER, having only the credit attaching to their stock of goods and presumed personal means to offer, are dependent upon the banker for the loans they require, who is reasonably supposed to be best acquainted with their responsibility. Such loans are only advanced for short periods, and are usually guaranteed by the collateral security of some other person of presumed respectability. Such is the discount of bills of exchange. They are loans, repayable on a fixed day, and it has been calculated that about £100,000,000 are usually afloat. Every one knows that these bills are circulated to a very considerable extent, especially in some districts, where they pass from hand to hand, until their backs are covered by indorsements, thus aiding most materially an insufficient circulation during periods of confidence, but rather contributing to the general distress when that confidence is shaken.

The feeling of security reposed by the public in the Bank of England, and in those country banks which issue their own notes, depends in like manner on the general belief of their ability to perform their engagements.

It is then *unanimously and in practice* admitted that, in

England, LAND is the very best security, and that every description of property is entitled to a credit more or less restricted, in proportion to its presumed stability and convertibility.

CHEAP MONEY AND OVER-TRADING.

An apprehension has sometimes been very confidently expressed, that if the circulating medium was not confined within bounds, the stimulus to manufactures would prove a temptation to increase production in an undue proportion to the demand, and that the foreign market would consequently become glutted with goods, which must therefore of necessity be sold at less than a remunerative price, producing the attendant results of loss and adversity. In support of this opinion, it has been customary to cite the evidence of past events, to show that an abundance of money in the market has usually been followed by the results now described. In other words, the facility of obtaining money, which occasionally prevails, leads to over-trading and ruinous ventures, and therefore precautions ought to be taken to prevent an over-abundant supply. This reasoning is specious; the more so that, at a superficial view of the case, it appears to be borne out by facts. A little consideration, however, will show its fallacy.

It may be true that an *occasional facility* of obtaining money does tempt both the merchant and the manufacturer to avail themselves of the opportunity for doing more business; and this feeling being general, so many attempt the same thing, that the foreign markets (not having the same capacity for sudden expansion) do, indeed, become over-stocked. But we may easily perceive that although this is the effect of a *sudden* transition from a confined to an abundant supply of money, yet, no such results could be expected if the nature of the currency were such, that the amount in circulation might be relied on as *at all times* adequate to the legitimate demand, because the inducement to any sudden increase of production *would not then*

exist. But, admitting that the exports did occasionally exceed the demand, the mistake would work its own cure, for the manufacturer would, as a matter of course, find it his interest to abstain from sending any more goods until the overstock in the market was reduced. Neither would he, in a steady, equable state of the money market, suffer his goods to be forced upon purchasers at a losing price. He would hold them until the regular demand had cleared them away at fitting prices. The reason he does not now do so, but submits to loss in order to realise, is evident, viz., money is become scarce and dear, and he can no longer obtain the accommodation which encouraged his speculation, and therefore he *must* sell, let the returns be what they may.

Who does not see that the real cause of loss is *not* an *over-supply*, for that would only be temporary; but the *contraction* of the circulating medium, which prevents his obtaining the funds necessary to enable him to hold his goods until the demand overtakes the supply. In fact, a continuance of the assistance which enabled the venturer to send forth his goods, is required until they have had time to make a profitable return.

But in the present state of our monetary system, this cannot be calculated upon, and it is often found impossible to obtain it. Hence the loss and ruin result—*not from over-trading*, but from the want of a well regulated circulating medium, capable of expansion and contraction in proportion to the legitimate requirements of trade. This is, evidently, the great and real want which is felt, and which ought, if possible, to be supplied.

Modern theorists and legislators have directed their attention to this palpable truth, and laws have been brought into operation which were confidently expected to produce the desired result: but they have failed to do so because they have attempted two things, one of which they could not accomplish in the present state of our paper currency, and the other was mischievous.

First, It has been attempted to regulate the operations of our banking system, so as at all times to secure something like a regular supply of gold, and thus to prevent any considerable fluctuation in the amount of our circulating medium.

Secondly, They have endeavoured to define the limit, or rather to confine within certain limits, the amount of our circulation; under the common, but mistaken, conviction that although the monetary medium may be sometimes less than the country needs, yet that it may sometimes be greatly in excess, and thereby produce injurious effects!

As we consider the subject further, it will be seen why the first object sought has not been attained; and that the second is founded on a false theory, and ought not to be interfered with.

It is, indeed, easy to perceive the evils arising from a limited circulation, whilst it is difficult to comprehend the possibility of its being too large. There cannot be a greater amount circulated than has been produced by the exchange of goods and securities, and if the securities are good, they will be redeemed when the money is no longer wanted. If Bankers and others choose to lend their money without a sufficient guarantee for repayment, neither the Parliament nor any one else can have the slightest claim to interfere: it is their own affair: the public have little interest in the matter. But such cases will always be rare.

No one can doubt that *credit* may be imprudently extended; but a circulating medium, if well secured, *cannot* become too extensive.

NECESSITY FOR AN EXPANSIVE CURRENCY.

An expansive national currency is clearly needed, to enable the country at all times to command the bullion required to carry on her immense foreign trade with confidence and advantage. We cannot conveniently continue to export to the extent of One Hundred Millions annually, much less can we hope advantageously to increase that amount, if our circulating medium is not suited to expand, when required, far beyond what may ordinarily suffice.

It is clear that the whole system of Bills of Exchange is an indirect extension of the circulation, and assists most materially to supply the defects of our system of currency. The amount

of these bills is found to increase or diminish as business is more or less active, of which they form a remarkably correct barometer.

We may venture to assume it as an axiom, that it is perfectly safe, and very conducive to the interests of a mercantile nation, that *every* description of property, to the extent of its sufficient guarantee, and its consequent title to undoubted credit, should be kept mediately (as by bills), or actively, in circulation, so that the utmost extent of business may be done of which the capital employed is legitimately capable. Let this be accomplished, and the merchant will realise larger profits from his extended business; and at the same time be enabled to render his goods upon easier terms to the consumer, and thus the public will share the benefit.

A Convertible Currency may, and ought to be permitted to extend to the limit of unquestionable security.

Keeping this great principle in view, it follows that although no sufficient guarantee for notes of permanent currency can be given by any description of property that is either destructible, removable, or inconvertible, yet if we can find such a security as is in its nature permanent and tangible, and not liable to such depreciation as could by possibility vitiate its responsible character, *then*, upon such a basis, we may venture without delay to reform our monetary system, taking due precaution that such notes shall be convertible to gold at pleasure, which is necessary, because bullion will always be more or less in demand for the liquidation of foreign engagements.

To show that this can readily be accomplished; to suggest a sketch of the plan to be adopted, and likewise to demonstrate the vast advantages which it would secure to all the great interests in this country, and the tendency it would have to create uniformity of feelings and interests between classes hitherto separated by conflicting views, is the great object and purpose of these sheets.

THE STANDARD OF VALUE.

MUCH has been said about the "STANDARD OF VALUE" by several writers, who have sought for it as earnestly, and with as much success, as the alchymists searched for the "Philosopher's Stone."

It is now generally admitted that no such thing as an invariable standard does or can exist. Some, indeed, have declared that it is Gold; some have endeavoured to demonstrate that it is to be found in Wheat; and others insist upon it that it is Labour! But as the extent of equivalent required to obtain a certain quantity of these elements of wealth is frequently varying, not only in amount, but also in relation to each other, it is clear that neither of them can be considered a true standard.

It would, no doubt, be advantageous to discover some description of property so immutable, and so little capable of extension or diminution, and the demand for which is so uniformly equable, that the dearness or cheapness of all other property might be measured by this one standard. Perhaps, the nearest approximation to such a desideratum—at all events, the nearest in England—is LAND.

To make this appear more clearly, it is only needed to notice, that the quantity of land which with the ordinary labour of ten men will produce sufficient for the decent maintenance of twenty men and their families, say a wife and three children each, is really and truly worth the labour of so many men as it will thus sustain with their families, and *no more*.

Thus, the real value of land, whether it be of a more or less productive character, may always be estimated by its amount of produce under ordinary average cultivation. The intelligent and scientific agriculturist may obtain from any given piece of ground *more* than an average produce under ordinary circumstances; but this does not alter the intrinsic value of the land itself,—the extra produce thus obtained is, or ought to be, the reward of the skilful cultivator.

Everyone knows that land is the source from which we derive, primarily, every necessary and comfort of life. *It is the matrix of all wealth;* and to whatever extent the value of any and every other description of property may fluctuate, LAND WILL ALWAYS BE WORTH THE LABOUR OF SO MANY MEN AS IT WILL MAINTAIN FAMILIES IN DECENT COMFORT.

It is true that the remuneration labour may receive may be greater at some times than at others, and occasionally it may not be sufficient for decent maintenance. Like every other commodity, its price will be greatly regulated by the relation which may happen to exist between supply and demand. But it will be seen that this fact in no way affects the real value of the land, which will always be *worth just the value of the necessaries required by so many families as it will, on an average of years, supply.*

If these premises be correct—and it will be vain to deny them—the deduction is, that *the most correct standard of value that can be found in this country is its Land.*

NOTES SECURED ON LAND.

IF so, *the best and only certain basis on which to rest the security to be attached to notes of currency,* is LAND.

The idea of issuing notes so secured is not a new suggestion. It was proposed many years since; but the proposer failing to shew how such security could be made readily available, and how such notes might, when required, be converted into coin or bullion, the proposal was discarded as impracticable; and in the place of such security, the notes issued on the mere credit of the Bank of England, or of the numerous individuals who established banks of issue throughout the country—who all promised to pay gold when required—were substituted, and have continued current ever since, accompanied by a constant feeling of insecurity and dissatisfaction.

We have sometimes been told that a monetary crisis is the result of the country having traded beyond its capital. If this

assertion had been qualified by the introduction of the word *available*, it would have been much more correct. One fact is indisputable: whatever else may be *called* capital, the only abiding, immutable, and fixed *capital of England is the land;* and if our commercial dealings do not exceed the limits of the means which it is capable of supplying, we cannot fairly be accused of trading beyond them.

Yet this treasure has hitherto remained locked up by a strange oversight; and we may truly be said to have been trading WITHOUT OUR CAPITAL. If we are wise, we shall lose no time in releasing it and making it available.

There can be no doubt that the public would soon become clamorously dissatisfied, if any great extension of the issues of unsecured Bank paper should take place. It is still more certain that our present currency does not adapt itself to the requirements of commerce, and that some change in our monetary system must be made. The opportunity is therefore favourable to the entirely new arrangement of the paper issues. If this is effected on sound principles, fully and fairly carried into practice, future generations will look back with profound respect upon the Government that shall have rendered so important and lasting a service to the country.

In order to obtain a general and willing acquiescence in a new currency law, founded on a land security, we should endeavour to remove the objections before adverted to, and more particularly that which is founded on the difficulty of making the guarantee tangible, and of converting such notes into gold at pleasure.

OUTLINE OF THE PROPOSED PLAN.

An outline of the proposed plan will demonstrate the facility with which this may be arranged. And in order that it may be more clearly understood, we will presume that the Bank of England is entrusted with the management of the issues and payments—which would probably be the most advisable and economical plan. It is, however, quite obvious that if it should be considered more advantageous to establish an office for the purpose, no difficulty would exist to prevent it.

To proceed—

1. No notes should be issued upon any perishable or mutable security—such as leaseholds, houses, funded property, or railways. They would be deficient in the essential characteristics of absolute stability.

2. No owner of lands other than those held in perpetuity should be entitled to receive a licence to issue notes of currency.

3. The amount of notes any landowner should be entitled to issue should not in any case exceed the sum of ten years' nett income of the property on which such notes might be proposed to be secured — such nett annual income to be calculated upon the rental actually received during the last preceding seven years; all charges on the said land paid or payable by the landlord to be carefully deducted.

4. In cases where lands might be held and cultivated by the owners thereof, then such rental should be calculated as the same might be adjudged to be worth to be let, reference being had to the nearest similar land on rental in the same district.

5. In making such calculation, the rental, or estimated rental, of all buildings or erections on the said lands, should be deducted.

6. No proprietor of lands should be empowered to issue a smaller sum than ten thousand pounds. But, in cases where the value of lands belonging to persons desirous of issuing notes

of currency secured upon such lands be less than one thousand pounds per annum, it should be lawful for two or more persons who should unitedly possess lands of such sufficient value to combine, and give the joint and several security of their lands for the amount of notes they might be licensed to issue. Nevertheless, in no case should any lands belonging to one or more individuals form any part of such security, the nett annual rental of which, calculated in the manner before described, should be less than one hundred pounds a year.

7. SUBJECT TO THESE CONDITIONS, and to such as may hereafter be named, all persons possessing such estates should be entitled to apply to the Land Commissioners for a licence to issue notes of currency, the value expressed upon such notes not being in any case less than . . . nor more than . . . Such Commissioners should then appoint competent surveyors, to survey the lands named, at the cost of the petitioners, and if duly reported to be of the required value, a licence should be granted accordingly, which should entitle the holder or holders thereof to apply to the Bank of England, or other appointed office, and therefrom to receive notes of currency to the amount named in the said licence; such notes being endorsed on the back thereof as follows:—"Issued upon the security of the lands of . . . . in the parish of . . . . in the county of . . . . Signed . . . ." Persons applying for, and receiving such licences, should, upon receipt thereof, deposit in the office of the said Land Commissioners, all the title deeds of the estates which constituted the security, there to be kept as long as any of such notes might remain in circulation, or unpaid, or otherwise, until the amount of such notes as might still continue afloat or unpaid should be deposited in current coin at the Bank of England. But parties so depositing should receive at their own expense duly attested copies of the same, which duly attested copies should be received as evidence in all courts of law; and in the event of the loss or accidental destruction of the original deeds while in the custody of the Commissioners, the said copies should be declared and adjudged by the Lord Chancellor to be thenceforward taken and considered as original title deeds.

8. All notes so issued upon land security should be payable on demand at the Bank of England, in current coin of the realm, or otherwise in bullion, at three shillings and fourpence in the hundred pounds below the current market price of bullion on the day on which such notes might be presented for payment, unless the party presenting such notes should prefer to receive the promissory notes of the Bank for the amount, in which case the Bank should be authorised to issue such notes—to be called "REDEMPTION NOTES"; and such "redemption notes," when presented for payment, should in like manner be payable either in coin of the realm or in bullion, at a deduction of three shillings and fourpence on the one hundred pounds from the market price of the day, or otherwise (with the consent of the party presenting the note) in notes of the Bank of England. But the Bank should not issue any "redemption note" in exchange or payment for a "redemption note," nor on any occasion, except in payment of land notes of currency. And every such note so issued should, on the face thereof, contain in distinct characters the words, "Redemption Note."

9. At the close of each week the Bank should send notice to each of the parties whose notes they have redeemed or paid during the week, or to their agents, of the number and amount of such notes; and such parties should be bound and required to repay the Bank all such amounts within one month from the date of such notice; and such payments should be made either in coin of the realm, or in "redemption notes," or in notes of the Bank of England, payable on demand. And such payments should be made, together with interest at the rate of five per cent. per annum on their amount—such interest to be calculated from the fourth day preceding the date of the notice. On receipt of such payment, the Bank should hand over to the parties so paying, new notes of similar amount and value, and thereupon take immediate measures to withdraw from circulation a corresponding amount of "redemption notes," so that, as nearly as might be, the amount of such notes in the hands of the public should not exceed the value of land notes (held by the Bank) that might have been so redeemed and paid.

10. That the Bank should be authorised to charge to the issuers a commission of . . . . per cent. on the amount of all notes redeemed and paid.

11. That if any party, having received due notice from the Bank, should fail to repay the amount paid on his account within the time aforesaid, then the Bank should give notice of such default to the Land Commissioners, and they should be authorised forthwith to advertise the lands on which such notes might be secured for public sale, and to sell the same accordingly, and from the proceeds thereof to repay to the Bank all sums advanced by the bank to the day of payment, together with interest as so named; and also to deposit in the Bank such further amount as might be sufficient for the redemption of all notes issued by such party which might still be afloat; and the surplus, after payment of all attendant expenses, should then be handed over to the person entitled thereto. And the Commissioners should be empowered to give a good and sufficient title to the lands so sold. Nevertheless, no sale of such land should take place until the same had been duly advertised during one month in the *London Gazette*, and also in three leading provincial newspapers of the county wherein the lands might happen to be. And the proprietor of such lands should be allowed to repay the advances of the Bank, and the attendant expenses incurred, at any period within three days of the time appointed for the sale. Only, in such a case, he should pay double interest on the advances made.

12. That from and after the . . . day of . . . no bank should be permitted to issue any promissory or other notes of currency, save and except the promissory notes of the Bank of England, and the notes heretofore described.

13. In order to provide a sufficient circulating medium to meet the requirement of the country until a sufficient currency might have been issued, secured upon land as aforesaid, the Bank should be authorised to issue its own promissory notes to an extent not exceeding thirty millions; but should be required to reduce that issue in proportion to the issue of notes secured upon land, or redemption notes. But the Bank of England should at all times be permitted to issue its own notes, in addition

to those secured upon land, or redemption notes, to the same extent or value as the amount of coin or bullion they might have in possession; the amount of such coin or bullion being estimated by the average value thereof in the bank during the preceding three months, and such calculation should be made at the end of each month.

14. All notes of currency, such as before described, should be made a legal and sufficient tender in discharge of all debts whatsoever, except as to payments made by the Bank of England, as otherwise herein described.

THE FOREGOING OUTLINE is probably sufficient to demonstrate that it is possible to obtain a sound paper currency. The plan requires some details to make it complete, but these would readily be supplied by an intelligent legislature.

OBJECTIONS TO AN EXTENDED CURRENCY

FURTHER CONSIDERED AND CAREFULLY EXAMINED.

Upon some important points doubts may be suggested, which a little examination and reflection will remove.

The amount of notes proposed to be issued in respect of any land being limited to ten years' nett rental, will be considered a very sufficient guarantee against any possible depreciation in the value of the security.

A formidable objection may probably be founded upon the assumption that the quantity of unentailed land held in perpetuity in this country is greatly beyond what would be required whereon to base an abundant circulating medium, and that the consequence of adopting such a plan would be to create an unnatural deluge of money, which would lead to all sorts of wild and visionary speculations, which, the prophecy would go on to tell us, would end in bursting the bubble, and producing universal disaster and ruin!

All this, and more to the same effect, would, no doubt, be said—as it has been said before, when an extension of the currency has been urged.

It is not difficult to make such assertions, but it is more than difficult to prove their correctness. Yet such persons seem to fancy their position substantiated because they can point to the periods when—money being easily obtained—an unusual display of increased trade has been speedily followed by the overstocking of the foreign markets, and the distress and ruin of our merchants and manufacturers. This subject has been already noticed; but there is a certain class of theorists who urge this objection so vehemently, that a few more observations upon it may not be out of place.

Cheap money does, without doubt, give encouragement to extensive trading and speculation, which (*in the event of a contraction of the currency*) often proves ruinous to those who

have so presumed. Yet this does not prove that the speculation was wild or visionary. It only shows that it is very hazardous to engage in extensive transactions, with a circulating medium liable to be seriously contracted, at a time when the legitimate necessities of commerce may require its full amount, or rather some considerable expansion.

If the circulating medium were not most unnaturally fettered, it would adapt itself to the demands of business; and if from any cause the markets of the world did not at all times dispose of our goods so rapidly as they were supplied, the manufacturer would for a time employ his mills less actively, and the merchant might find it necessary to allow his ships to remain for some time in port—but they would not be compelled to make sacrifices to their ruin, for they would be enabled to obtain the necessary bank accommodation till their returns were received! As things now exist, this cannot be done; for the floating capital of the country is so limited, that neither banker, manufacturer, nor merchant can move, until these returns supply funds to enable them again to go to work.

It is not, of course, contended that accommodation should go on *ad infinitum;* but *it is contended* that the limit of that accommodation should rest with those parties who usually supply it, and ought not to be found in a restricted currency.

Few will now deny that the formation of railroads is advantageous to a country, facilitates every civil and commercial arrangement, and tends to equalise the value of land and its products. No one will question the advantage of having so considerable a source of employment for our labouring population. What is it, then, which has made those railroads a source of serious loss or ruin to thousands? What is it has, from time to time, checked their progress, and obliged tens of thousands of industrious persons to become a burthen to their parishes? What is it that not unfrequently fills our harbours with unemployed shipping, and paralyses every manufacturing and commercial transaction? *Not over-trading or reckless expenditure,* but the want of a sound and sufficient currency—the want of a measure that will protect us from the blighting influence, so frequently experienced, of a sudden and unnatural abstraction of the circulating medium. It

is easy to comprehend that the over-trading, so much insisted upon as an objection to extending the circulation, is always the effect of a *sudden* stimulus given by an *occasional* facility of the money market. But if the degree of stimulus, *however great*, was *regular*, it would produce *regular and steady results*.

Overstocking any market is a mistake that would quickly cure itself. The manufacturer would not deliberately injure himself, and if he did, he would soon be taught by his bankers that however abundant money might be, it would not be entrusted *to him*.

But even supposing, for the sake of illustration, that the first effects of the enlarged circulation here advocated should be, for two or three years to give a more abundant supply to every market in the world than the ordinary demand warranted; it by no means follows that it would necessarily prove a great evil, even supposing the goods to be sold at prime cost. Might it not have the effect of checking most completely the home manufactures of those countries, and also of creating an increased partiality and demand for British manufactures? Such, undoubtedly, is the probability, and if it did so, the first loss would be followed by great and permanent future gain.

The apprehensions expressed of over-trading as the result of an enlarged trading capital, are evidently the *ignis fatuus* of an erroneous theory. It is like saying to a man having an extensive business, but a very insufficient capital, and who therefore wishes to raise a mortgage on his real estate—"If you get more capital you will certainly be ruined; you cannot prosper unless you are kept in a state of continual embarrassment!" The man would reply, "I must have more capital, or incur the risk of ruin in the attempt to execute my orders. Or otherwise I must relinquish a portion of business to others, who are already beginning to prosper, because my want of means has prevented me from doing all I might have done." To repeat an observation made before—*the case of one trader is the case of ten thousand traders.*

But still, some may urge, You MAY UNDULY INCREASE THE CIRCULATION far beyond the bounds of prudence, or the wants of the community!

The first of these propositions may easily be true, as applied

to any *unsecured* paper currency. The second assertion is hardly possible.

If the country does not trade beyond the extent of its *bona fide* convertible capital, it cannot, in that respect, exceed the bounds of prudence; and upon the plan we have suggested there will always be an immense capital at command, the security for which being beyond all suspicion, there cannot be any imprudence in creating it. As to the circulation being greater than the wants of the community, the thing is a physical impossibility. No one will part with a five pound note unless he receives a satisfactory equivalent for it, and, surely, if he gets his equivalent, the greater the facility with which the exchange can be made the better. It is quite clear that although the land of England will supply abundant security for a much more extensive currency than we can require, yet, the amount of that currency actually in circulation can never exceed the extent of the equivalent received, and therefore will not, and cannot, surpass the public requirements.

There is one other assertion applicable to an extended currency which requires notice, because it has been brought forward as a dictum by some writers. It amounts to this: That whenever the monetary system of any country exceeds the amount required to prevent the necessity for barter, it then ceases to be beneficial to the community; its only effect being to increase the general level of prices, so that although the money in the country may be doubled, the prices of all commodities will be doubled also, and consequently no advantage will be gained by the people at large.

This is very incorrect reasoning. Such a proposition is true if applied to the *world at large*; or, it might be true of a nation that traded within itself, and held no intercourse whatever with other nations; but can never be correct as applied to Great Britain, which buys and sells in every market on the globe.

The wealthy nation must ever possess the same advantage in trading with poorer countries that the capitalist is found to have in comparison with his less affluent competitors.

To a limited, but only to a beneficial extent, an increase of money in a country may, and usually does, enhance the price obtainable for services or commodities. But this effect is produced, not by raising prices above their natural level, but by

preventing them from falling below it, and then all are benefited. If every man, woman, and child in Great Britain possessed one thousand pounds, we should pay America no more for wheat or cotton than the poorest nation must pay. Nor should we pay for domestic products or services any greater sum than the same goods or services would cost if brought from a poorer country. The wealthy nobleman buys his flour as cheap as his tradesman.

INSTABILITY OF OUR PRESENT SYSTEM.

Let us now expose the real, though slightly veiled, cause of those contractions of our paper currency, which we observe to accompany any unusual abstraction of the precious metals from this country, and which invariably produce such pernicious effects.

Can we doubt that the cause is to be found in the sense and feeling of insecurity which exists respecting the basis on which our paper currency rests? This prevents a sufficient confidence in the soundness of such a medium to induce us fearlessly to supply the occasional abstraction of gold, by a proportionate increase of bank notes. In England, all else than bullion is *credit, and credit only*, whilst the vast amount of fixed and unalienable capital locked up in land only requires to be very moderately represented by a paper currency to give stability, confidence, and vigour, where hitherto all has been weakness, doubt, and hesitation.

As things now are, when a country bank fails, the holders of its notes seldom get much for them, and, *if the Bank of England failed*, to what could the holders of *its* paper look? All would be ruin! And yet, unlikely as such an event is to take place, it cannot be said to be beyond the bounds of possibility! This has been felt to be true *more than once* since that establishment was founded.

Our monetary system should be so framed that whenever an extraordinary demand exists, either for money, in the general acceptation of the term, or for bullion only, a sound and unques-

tionable paper currency should supply the one and release the other.

A similar circulation may possibly be applied to Ireland, with immense advantage to that country; but it would be prudent to confine both the circulation and the payment of Irish Land Notes to Ireland.

WILL LAND-OWNERS ADOPT THIS PLAN?

But some may doubt whether the land-owners would, to any great extent, avail themselves of the privilege of issuing notes, and choose to engage in banking transactions.

To this it may be replied, that it would not be at all necessary for them to engage in banking concerns. The business of bankers would go on much the same as it does now. The new system of currency would make but little alteration, except that it would relieve them from their dependence on the Bank of England, and enlarge and facilitate their transactions.

A GENTLEMAN, HAVING TAKEN OUT A LICENCE to issue for ten, twenty, or thirty thousand pounds, would upon receiving it pay it over to his account with his banker, whom he would instruct to act as his agent in settling the weekly accounts with the Bank of England. The banker would use this money in the usual course of business, and it is probable that, except in the usual routine of payments, and sometimes for the purpose of procuring bullion for foreign remittances, these notes would seldom find their way to the Bank. No one would burden himself with gold, for which he held an unquestionable security whenever he might happen *really to require it.*

The willingness, and indeed the promptitude, with which many landowners would take out licences of issue, cannot seriously be doubted. It would, in fact, make them so much richer than they previously were. It would, at once, add to the value of their lands, and increase their incomes. Mortgages would promptly be paid off; gentlemen wishing to improve their estates, to settle their sons, or to portion their daughters, would in this way find

the means, without lessening their incomes. All they would have to pay would be a small per centage to their bankers for managing the business, and, possibly, a tax of one per cent. which the Government might consider itself justified in levying in return for so great a privilege. Altogether, the payments might be expected to be below two per cent.

It is not to be expected, neither would it be desirable, that the greater portion of the landowners would at first, if ever, avail themselves of their privilege; but a comparatively small number would be sufficient. Some might feel an honourable pride in not charging their lands, even with such a remote liability. Many would, for a season, regard the plan with suspicion; while a prudent caution would for some time withhold others. But those whose rent-rolls were encumbered with mortgages, would lose but little time in availing themselves of the opportunity to shake off the incubus. On the whole, we might expect the change to prove, as it should be, gradual; the issues during the first year being five or six millions, and increasing each year, for six or seven years, until it reached its maximum. Thus, much of the inconvenience inseparable from a sudden change would be avoided. The currency would gradually assume its new form and stability, as the child increases in stature and strength until he becomes a man.

HOW IS THE BANK TO COMMAND A FULL SUPPLY OF GOLD?

But it may be feared that the Bank would not at all times be enabled to supply a sufficient quantity of bullion to meet the demand.

It must be conceded, that the banker, the manufacturer, the trader — and, indeed, nearly all classes — would feel interested in keeping these notes afloat; and as probably every banker would be the agent of one or more of the issuers of these land notes, he would be compelled constantly to collect coin for the settlement of the weekly accounts with the Bank. Collectors of specie would

thus be constantly employed, in every corner of the kingdom, gathering it together as fast as it got into circulation; and thus the gold would constantly and naturally find its way to Threadneedle Street, where alone it would be absolutely required in any large quantity, while the trade in bullion would become more general, and as much an object of speculation as any other commodity. A slight advance in price would, as a matter of course, cause an influx of the precious metals.

But the doubt on this point may be at once dismissed, when we consider that, upon the plan we have proposed, the Bank, although bound to supply bullion, would do so at a rebate of three shillings and fourpence on the one hundred pounds from the market price of the day. Consequently no demand would be made upon it except in case of necessity, for no one would pay the premium who could avoid it. Bullion would, as a matter of course, be sought after and purchased anywhere and everywhere at the market price, rather than at the Bank, where a premium must be paid.

There can, likewise, be no reasonable doubt that the local banks throughout the country would enter into competition with the parent establishment in furnishing gold to all who required it, provided they were not prohibited from charging the same commission, and there does not appear any good reason for such a prohibition.

The commission on bullion, small as it is proposed to be, would produce bullion offices in all the large towns, particularly the seaports. The result would prove that the demand would be but lightly felt at Threadneedle Street, even when that demand might happen to be excessive, because all holders of gold would be anxious to relieve the Bank from the duty of supplying it, in order to reap the small profit that might attach to the transaction.

And it may be noticed that to the extent to which the supply of bullion might thus be effected by the brokers and local banks, the notes received in exchange would not be withdrawn from circulation, and thus the issuers would be relieved, to a much greater extent than might at a first view be expected, of their liability to account.

In addition to these considerations, it cannot be doubted that

gold would become a regularly recognised and common article of commerce, to a much greater extent than at present; and although, like every other description of property, its market price would be subject to fluctuation, yet, *at the market price, the supply would* NEVER FAIL, any more than does the supply of any other article of commerce that is in constant demand. And no holder would ever hesitate to part with it on such undeniable security as the LAND OF ENGLAND.

Supply has ever met demand, and, in the nature of things, *ever will,* where the price is remunerative and the security incontrovertible.

There is also to be remarked one great and incalculable advantage which would be realised by adopting the plan here advocated—it would effectually prevent other nations from draining our coffers of the gold to an injurious extent. As the Bank would supply bullion to all comers at the *market price* of the day, less the commission proposed, it would henceforth become a source of profit to supply it, and no loss could by possibility accrue. Nor could the drain continue one day longer than the redundancy existed, since an apprehended scarcity would immediately raise the market price to the level of other countries.

Thus we should always have full command of bullion, and be ready to supply all who would pay for it. It can scarcely be doubted that England would become the regular and universally recognised gold market of the world, and reap a profit on every transaction.

Such would be the effect of such a currency, resting upon an imperishable foundation. Henceforward, the extent of the circulating medium and the rates of exchange with other nations *might safely be left to adjust themselves.*

The adoption of a sound principle would produce sound results, and render unnecessary those ingenious contrivances which have hitherto been practised in order to preserve the credit and monetary superiority of Great Britain.

It would also have a marvellous effect in simplifying both the theory and practice of banking.

Perhaps enough has been said to remove any apprehension that a deficiency of the precious metals would ever be felt. It

seems more probable that the Bank would usually possess such an abundance of it, that it might be found a matter of convenience to carry on much of its discounts in specie, in order to disencumber itself.

WILL SUCH NOTES BE AT A DISCOUNT?

THE NEXT OBJECTION, it may be well to notice, is one that would probably be much insisted upon by a class of persons interested in preserving the present state of things. It would amount to the following:—That to pay the notes in bullion at a rebate from the market price, would have the effect of placing our currency at a discount, and so bring it into discredit.

A close examination of this statement will demonstrate its fallacy. Let it be borne in mind that such a currency as has been suggested would always represent a certain quantity of land, of a certain known and attested value; so that however the prices of all things else might vary, the intrinsic value of the note as a security would still remain (as nearly as anything could remain) *the same*, whilst, on the other hand, gold and silver must ever fluctuate in price, like every other commodity, for they represent nothing but themselves, and will ever vary in proportion to the supply and demand. In other words, the land which the note represents has a fixed and known inherent value, the amount of which we have seen how we may correctly estimate, while gold has a value that is not fixed or determinable by any unalterable rule whatever.

The discoveries in California and Australia have already made it much more plentiful than heretofore, and it is quite within the limit of probability that more extensive discoveries of that precious metal may yet be made, so that its influx during the next fifty years may greatly reduce its relative value.

All attempts to make a bank note and gold bear one uniform value have failed. The note has ever been at a greater or less discount, and must ever continue so, for this plain reason—GOLD is the currency of the world; NOTES, the currency of a nation

only! It is better, then, at the outset to admit the truth of this immutable fact, and, by setting bullion at a small premium, prevent its abstraction, except for the purpose of foreign intercourse.

But, indeed, whether we call it a premium on gold, or a discount on notes, the real difference would be but three shillings and fourpence on the hundred pounds—a small determinate and known difference, causing little loss and no inconvenience; and every candid thinker will probably, after due reflection, agree in the opinion, that to place a small premium upon bullion is a certain method, and perhaps the only method, by which its constant influx may be secured, and the regular invariable payment of the notes in specie be absolutely insured.

As the Bank, although compelled to supply gold, would charge a small commission for it beyond the market price, *that commission would prove effectual* to protect it from any extravagant demand. Indeed none would readily apply to the Bank for that which might be procured elsewhere at the market price. Thus the Bank and the landholder would simultaneously be protected from pressure to any serious extent, if not altogether so.

Upon this plan the note, as representing the land, would become and be found the NEAREST APPROACH TO A REAL STANDARD OF VALUE that can well be imagined.

THE LAND—the only fixed and immutable property in the country, which will always remain and retain its own inherent value, would thus exercise its legitimate supremacy, and, without producing one ear of wheat the less, supply nerves and sinews to commerce, and (if need be) all the munitions of war to the Government. *The Land-owners*, instead of being, as heretofore, an isolated body, usually regarding the merchant and the manufacturer as hostile to their interests, and having but few feelings in common with them, would become their bankers! An unity of purpose and interest would be felt and experienced, as well as acknowledged; the hedge of thorns hitherto growing between them would be rooted up, and they would stand side by side, thinking, feeling, and speaking as men deriving their present welfare and future expectations from the same source.

Whatever opposition might be made to the adoption of such a plan by those who might fancy their interests endangered, it

would prove powerless in comparison with the support derived from the landed, the manufacturing, and the mercantile classes, with whom such a measure ought to be most popular; nor can it be doubted that the administration which should bring it forward and carry it to maturity would unite a phalanx of future supporters such as no former Government has been able to depend upon!

THE CERTAIN CONVERTIBILITY AND IMMUTABLE SECURITY PROVIDED BY THIS PLAN, CONTRASTED WITH OUR PRESENT SYSTEM.

It is palpable that these suggestions involve the opinion that a metallic currency is both expensive and inconvenient, and that it would be much to the advantage of this country to dispense with it to a great extent, provided a well secured circulating medium were substituted.

Nevertheless, while our relations with foreign countries remain as they are, and as they will probably long continue, *we must have specie at command;* and therefore it may be prudent and necessary to give it a concurrent circulation, discouraging, however, its extensive use beyond the small change of society. Nor does there appear any strong reason why paper notes should not be issued as low as ten shillings. It may deserve consideration.

Gold and silver have become the only *unquestioned* international currency of the world, and it is very proper and natural that these metals should be so, beeause the general verdict of mankind declares them to contain an intrinsic value, the exact amount of which may be readily ascertained, which is not the case with any other circulating medium. Although gold *is not a standard of value*, it is undoubtedly a *standard of currency*. A paper currency, however well secured, can never be more than *a promise* to pay money. The value of such promise cannot be universally known, and will not, therefore, be at all times available. It may indeed be said, without fear of contradiction, that there does not exist at the present time a promissory note in the world, the value of which may not be destroyed by a com-

bination of such unhappy circumstances as have in past times afflicted mankind.

There are those living who remember the time when even the Bank of England, although the richest and best secured on the face of the earth, was unable to pay gold for its notes, and was thankful to shelter its inability beneath the shadow of a prohibitive Act of Parliament. Is it not also á notorious and self-evident fact, that at the present time it would be utterly impossible to discharge in specie more than a small portion of the paper obligations of this kingdom?

Let us candidly ask whether such palpable truths as these are do not give to all our paper currency a more or less suspicious character, invest even the golden promises of Threadneedle Street with a certain air of delusion, and beget in our minds a fear that the day *may* arrive when all these printed promises may become little better than so much waste paper? Ought not the circulating medium of the mightiest and most extensive commercial empire that has ever existed to be placed upon such a secure and indestructible basis, that it shall retain its value, even amidst the horrors of domestic revolution, or the degradation of foreign conquest? If Great Britain is to develop still further the indomitable energy and commercial enterprise of which her sons are capable — If Great Britain is to become and remain the unconquerable bulwark cf freedom and civilisation, let us place the credit of her currency upon such a basis, that it shall remain firm as the rocks that form the foundations of the island and begird her coasts.

It has been shown that *this can be accomplished*, and at the same time our resources almost indefinitely increased, and our profits vastly enhanced (by our ability to dispense with very much of that gold which we are now obliged to purchase at so heavy a sacrifice), and an end put to those periodical panics which arise from the frequent difficulty of obtaining it in sufficient quantity.

Let us then apply to this long agitated question the principles of common sense, and give *to all*, that security which *every money-lender* seeks for himself—a *bona fide* mortgage upon the broad lands of Old England—a mortgage which will at the same time *enrich the mortgagor and the mortgagee.*

If the plan thus advocated be adopted, it must necessarily *put an end to all rivalry* between the landed and the commercial interests, by uniting them. This truth in itself forms a strong argument for the correctness of the principle herein advocated.

Amongst the collateral advantages of the plan thus proposed, independent of the mighty and abiding stimulus it would give to every industrial arm, it may be noticed that although it might considerably alter the character of the business carried on at the Bank of England, (supposing the management of the issues to be conducted there,) yet it would greatly increase its transactions, and, consequently, its profits. It would also add greatly to the business of all the other banks. The usual routine of the Stock Exchange, and of commercial affairs generally, would go on as usual; nothing would be *deranged,* but everything *arranged;* and all monetary transactions would attain a stability not now known.

FUNDED PROPERTY AND RAILWAYS.

Some persons have asserted that FUNDED PROPERTY *and* RAILWAYS *would prove sound guarantees for a paper currency.* This, however, cannot be maintained; since, to issue notes upon the security of the funds, would be to guarantee one debt by another!—the most brittle of all securities. At best it would be to make their soundness dependent upon the stability of our institutions, which is a contingency to which the circulating medium of no country ought to be subjected, however deeply rooted those institutions may be.

Forty years since, the turnpike roads of this kingdom might have been proposed as a sound security for a paper currency, and with as much plausibility, or nearly so, as railways now are. Yet the advance of science has destroyed the value of such property. They have now been superseded, and it is quite within the bounds of possibility (though not of probability) that, forty years hence, railways may be in the same condition. They are, at all events, a property liable to change, and relying upon con-

tingencies for their prosperity—most certainly not an absolute and indefeasible guarantee.

One further *probable objection*, of a different character, may be met, and then this portion of the subject may be dismissed.

WILL LAND-OWNERS OBTAIN AN UNDUE ADVANTAGE, AND WHAT AMOUNT OF PROPERTY WOULD BE BROUGHT INTO CIRCULATION?

It may be said that the proposed plan would have the effect of giving to the land-owners a bonus of thirty or forty per cent. upon their estates, and that thus a relative injustice would be inflicted upon all other property.

In regard to such an assertion, it may be fairly replied, that it has long been an acknowledged fact, that land yields a smaller return on its cost price than any other investment; and that if such were *not* the case, no just cause of complaint could exist when any one description of wealth is increased—unless it can be shewn that its increased value has been obtained by a corresponding depreciation of some other property. Now, instead of this being the case, by the plan before us every other species of wealth may be expected to participate in the advance of prices consequent upon an enlarged circulating medium.

England and Scotland contain about 56,360,000 acres of land. Of this quantity, there are about 14,360,000 acres very slightly or altogether uncultivated, leaving 42,000,000 acres available, which at a moderate average valuation of £25 per acre, will be £1,050,000,000. We may calculate that, in consequence of entails, settlements, small estates, and other causes, not more than one-fifth of this land would be held by persons who would avail themselves of the privilege of issuing notes. It follows that the number of acres upon which the issues might be effected would be about 8,400,000; which, at half their estimated value, or £12 10s. per acre, would produce a circulating medium of £105,000,000, possessing ABSOLUTE, TANGIBLE, BONA FIDE SECURITY, the cost of which to the nation would be next to nothing. Were we to

obtain that amount in precious metals, foreign securities, or any other property, we must give its full value in return; but by this plan *we bring it into existence.* We rouse from its hitherto undisturbed sleep, and render subservient to our interests, a mighty power, capable of almost any enterprise.

If these calculations are correct — and they cannot be doubted, they are so self-evident — may not the question fairly be asked, *Is it possible that any influence less potent than national insanity* can induce us to suffer this immense but hitherto unproductive treasure to remain any longer buried in the earth?

SUMMARY — DEMONSTRATION — CONCLUSION.

Here, then, is submitted a Scheme for the renovation of the Currency.

If, upon examination, the arguments on which it is founded prove to be correct, it is to be hoped that it will be carried into effect, while yet the credit of the country remains untarnished, and that credit thus be preserved and rendered permanent and unassailable.

A paper currency so based and so arranged, seems to be entirely free from every valid objection. The security in the hands of the holder would be unquestionable. The facility with which it may be exchanged for *bullion to any amount*, without derangement to the ordinary course of business, is likewise evident. The readiness and the extent to which it would inevitably contract or expand, would be in exact proportion to the necessities of commerce; and every man would thus be enabled to calculate the boundaries within which his means would enable him to speculate, without danger from any financial crisis; while, to crown all, it appears morally certain, that *"Panics" would become mere matter of history.*

These considerations are surely sufficient to convince the judgment, and ought to prove sufficient to silence the objections, of those from whose hands would pass the power of issuing notes of circulation devoid of real security.

We cannot expect, however, that favourite and long cherished theories will be at once abandoned; especially by those who insist upon a real present equivalent—in other words, upon a metallic currency.

To such we may say, In what condition would the North American States now be, if they had not adopted a paper currency? At the close of the war of independence, they were probably the poorest of civilised communities; and if they had depended upon a metallic currency, would still be but little better off. But they

determined to progress, and become a great people, and to emulate their European parent. They therefore pledged their whole credit in a paper currency. And, low in character, ill secured, and worthless as much of it proved to be, it has cleared their lands—built their cities—created a navy—established arsenals—dug canals — formed railroads — given birth to and supported an extended commerce — and surrounded her citizens with real wealth, and most of the substantial comforts and even luxuries of life.

To a paper currency is to be ascribed the high rank and position America holds amidst the nations of the earth.

Even the miserable assignats of France, enabled that country, during the first years of the revolution, successfully to resist the combined armies of Europe, and prepared for Buonaparte the path to glory and conquest.

And it may unhesitatingly be asked, What enabled Great Britain during twenty years to maintain a contest, and finally to retire triumphantly from the most bloody battle-field of modern times? What subdued at length the subduer of kingdoms? *Only one reply* can honestly be given — It was the ONE-POUND NOTES OF ENGLAND.

The great success which has attended the use of paper money in Scotland is another case in point, so forcible, that those who do not perceive its advantages must be classed among those individuals who *live*, but *will not learn!*

It has before been noticed, that a metallic currency can only be obtained by a purchase of the metals, which consequently causes a loss to the community of all the profit that would have accrued from the use of the capital *thus locked up*, or rather *sunk*.

Whatever may be the amount of a *metallic* circulating medium, it is evident, upon a moderate calculation, that *its use costs the nation its full value* in every twenty years; whilst, on the other hand, a paper circulation representing real property—inasmuch as it would not cost the nation anything, and would in no wise lessen, but rather increase, the productiveness of the property it represented—would secure a *profit* to the nation which we should not otherwise receive, and which in twenty years would equal its

full amount. In other words, paper would in twenty years produce a sufficient sum *to replace itself with gold!!*

Those who have studied the "Old Almanack" history, will find the assertion correct, that every nation carrying on its monetary affairs in *bullion* has gradually become a poor and feeble nation; whilst every country that has adopted a paper currency has progressed in wealth and power.

The testimony of facts ought to be conclusive of all argument.

To conclude—

The Author hopes that he has said sufficient to convince those whose minds are open to conviction, that the circulating medium thus proposed will, if adopted, be the soundest and best secured paper currency the world has ever seen; while it will set free an immense amount of capital, and SECURE IN PERMANENCE TO ENGLAND THE PROUD AND ADVANTAGEOUS POSITION OF BEING THE FIRST MONETARY NATION ON THE FACE OF THE EARTH.

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